



## What You Need to Know about Your Alternate Retirement Program Payout Election

If you have **Alternate Retirement Program (ARP)** funds on deposit with the Department of Personnel Administration's Savings Plus Program, you may be eligible for a one-time payout election from your 47th month through 49th month of CalPERS membership. If eligible, you can elect one of the following payout options:

- **Option 1:** Transfer your ARP funds to CalPERS and receive retirement service credit.
- **Option 2:** Receive a distribution of your ARP account.
- **Option 3:** Transfer your ARP funds to a Savings Plus 401(k) account if you're a current State employee or a separated employee with a balance in a Savings Plus 401(k).

If you elect to transfer your ARP funds to CalPERS, you will receive retirement service credit based on the amount of time you worked as an ARP participant. This occurs at no additional cost to you.

If you'd rather receive a distribution of your ARP funds, it can be either deposited into your personal bank account or rolled over to an Individual Retirement Account (IRA) or eligible retirement plan (check is sent to you to forward to your IRA or plan provider).

If you want to transfer your ARP funds to a Savings Plus 401(k) account you must be employed with the State or separated with an existing SPP 401(k) account with a balance.

If you receive a distribution or elect to transfer your ARP funds to a Savings Plus 401(k) account, you may be eligible to purchase your eligible ARP service credit time at a later date. However, you'll be required to pay the present value cost, which includes both employee and employer costs, as of the day you request the purchase.



## **Decision Point: Retirement Service Credit, Distribution, or Savings Plus 401(k)?**

While the decision about what you want to do with your ARP funds is yours, you should be aware that in most cases, the additional ARP service credit will increase your monthly CalPERS retirement benefit allowance when you retire.

CalPERS created this online guide to help you collect the information you need to make this important decision.

In addition to statements received from CalPERS and Savings Plus, there are several online retirement planning tools you can use. These tools are available at your convenience 24 hours a day.

Only you can decide what option is best for you. This online guide will help explain three factors you should consider before making this decision:

- Your ARP account balance
- Your eligible ARP service
- Your cost to purchase your ARP service later if you don't elect Option 1.

You can also view additional information regarding ARP and the payout election in the Alternate Retirement Program booklet, available by download at the "Forms and Publications Center" of the CalPERS Web site or by calling our Customer Contact Center at **888 CalPERS** (or **888-225-7377**).



## Check Your ARP Account Balance

Each year while in ARP, Savings Plus' third party administrator, Nationwide Retirement Solutions (NRS), mails you an annual statement that shows your total account balance as of June 30 of that year. Your account balance consists of the amount of funds you contributed via payroll deductions plus any interest earned.

To view your current balance, go to [www.sppforu.com](http://www.sppforu.com) and under *Secure Login* enter your username and password. If this is your first time logging in, click on "New Users" and follow the steps to set up your account access. If you have a 401(k) or 457 account with Savings Plus and already have online access to your account, your secure login will provide access to all your accounts, including ARP.

Once you've accessed the site you must click on the "Customer Role" number for your ARP account. Customer Role numbers for ARP accounts usually end in "02." After clicking on the Customer Role number, your 401(a) ARP account summary appears.



## **Determine How Much ARP Service You're Eligible to Convert to CalPERS Service Credit**

Once you begin making CalPERS contributions, CalPERS sends you an Annual Member Statement (AMS) that provides information about your years of CalPERS service credit and member contributions. It's important to review this statement when you receive it, since your service credit is an important component in determining your future retirement benefits. Ten to 12 months of full-time employment in a fiscal year equals one full year of service credit. Full-time employment is equivalent to 40 hours per week.

Your AMS provides all the information you need. The AMS shows an accounting of your work history as reported by your employer(s). The first page lists your CalPERS service credit earned for each employer in the "Your Membership Status" box. Your ARP time is listed below your CalPERS service credit.

You will use this information to determine your cost to purchase this service if you do not elect to transfer your ARP funds to CalPERS during your three-month election period.



## **Calculate the Cost to Purchase Your ARP Service Credit (if you do not elect to transfer)**

If you do not elect to convert your eligible ARP time to CalPERS service credit, you may be eligible to purchase it after your three-month election period ends.

However, you will be required to pay the full cost of the future projected increase in benefit from the additional credit, including any employer costs. The cost is derived from actuarial probability factors that determine the projected benefit and the current payment required to fund that benefit. These are the same probabilities we use to ensure our benefit programs are adequately funded.

In addition to these factors, the calculation uses your highest monthly full-time pay rate and an average of any special compensation (i.e., uniform allowance, holiday pay, longevity pay, etc.) reported to CalPERS by your employer prior to your ARP service credit purchase request date.

The CalPERS **Service Credit Cost Estimator** in the “Service Credit” section of the “For Members” area of the CalPERS Web site can help you calculate your projected cost to purchase your eligible ARP time. The estimator displays all of the different service credit types. Beginning in June 2008, a new type for Alternate Retirement Program service will be available.

The estimator will prompt you to enter information about yourself such as your birth date and pay rate that will be used to calculate your service credit cost. You will also enter information about your employment history and CalPERS retirement formula. ARP participants are typically classified as State miscellaneous, 2%@55, or State industrial, 2%@55. (Check with your personnel office if you’re unsure what your classification is).

The estimator also displays the projected increase to your monthly retirement benefit as a result of including the ARP service in your total retirement service credit.

Note that the estimator calculates your projected costs in today’s dollars as of the day you performed the estimate. The actuarial probability factors used in this process are updated as needed due to changes to existing benefits, new benefits mandated by law, changes in retirement assumptions to reflect our current best estimate of retirement patterns, or other actuarial factors. The actual cost may differ from the projected cost and may increase or decrease in the future.



## Alternate Retirement Program Payout Election Worksheet

**Use this worksheet to help you collect the information you need to make this important decision.**

**From [www.sppforu.com](http://www.sppforu.com)**

Your ARP account balance: \$ \_\_\_\_\_

**From your most recent CalPERS Annual Member Statement.**

You can find your AMS online at <http://my.calpers.ca.gov>.

Your CalPERS service credit: \_\_\_\_\_ years

Your ARP time: \_\_\_\_\_ years

### **About You**

Your compensation: \$ \_\_\_\_\_ / month

**Your retirement formula:**

State miscellaneous, 2%@55, or State industrial, 2%@55

**Your projected ARP service cost today: \$ \_\_\_\_\_**